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FM AMEMBASSY RANGOON
TO RUEHC/SECSTATE WASHDC PRIORITY 8472
INFO RUCNASE/ASEAN MEMBER COLLECTIVE
RUEHGG/UN SECURITY COUNCIL COLLECTIVE
RUEHBY/AMEMBASSY CANBERRA 1674
RUEHNE/AMEMBASSY NEW DELHI 5156
RUEHUL/AMEMBASSY SEOUL 8751
RUEHKO/AMEMBASSY TOKYO 6323
RHHMUNA/CDR USPACOM HONOLULU HI
RUEHGV/USMISSION GENEVA 4167
RHEHNSC/NSC WASHDC
RUCNDT/USMISSION USUN NEW YORK 2144
RUEKJCS/SECDEF WASHDC
RUEHBS/USEU BRUSSELS
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000942

SIPDIS

STATE FOR EAP AND IO; PACOM FOR FPA

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SUBJECT: BURMA: NE WIN'S DAUGHTER RELEASED; KHIN YI
PROMOTED; TAY ZA'S GAMBLING DEBTS

Classified By: Pol Officer Sean O'Neill for Reasons 1.4 (b) & (d)

Summary

1. (C) On December 12 authorities released the daughter of Burma's former dictator Ne Win from over six years under house arrest. A senior police official told our DEA Country Attache that Director General of Police Khin Yi has been appointed a Deputy Minister with the Ministry of Home Affairs but will retain his police duties. The same police contact reported that regime crony Tay Za owes indicted narcotics trafficker Hsiao Ho USD 10 million for wagers on soccer matches and may pay the debt with assets from his holding companies. End summary.

Ne Win's Daughter Released

2. (U) Contacts reported to us on Saturday that security officials released Sandar Win, daughter of Burma's former dictator Ne Win, from house arrest on Friday, Dec. 12. Police later confirmed the news. Sandar Win, now in her 50s, has spent the past six years and nine months under house arrest in Rangoon on charges of treason for allegedly plotting a coup. Her husband and three sons were sentenced to death for the same crime and remain in prison while they appeal. A police official told AFP that Sandar Win was released because her authorized period of detention had expired. Ne Win ruled Burma from 1962 until 1988 after staging a coup against U Nu, Burma's first elected leader since independence.

3. (C) Comment: Legal interpretations of Burmese law differ on the maximum allowable house arrest, but all seem to agree that the outer limit is six years. Sandar Win's confinement extended beyond, but has now ended. Aung San Suu Kyi will reach six continuous years under house arrest May 29, 2009. It will be instructive to observe how the regime responds at that time. End comment.

Khin Yi Promoted

4. (C) A senior police official told our DEA Country Attache that Director General of Police Khin Yi was appointed a

Deputy Minister of Home Affairs in late November or early December. According to DEA's contact, Khin Yi retains his duties as Director General of Police and will now be one of two Deputy Home Ministers, along with Phone Swe (Note: this is not uncommon; MFA also has two deputy ministers).

15. (C) A Pol/Econ contact who used to teach English to Khin Yi also reported the recent move and relayed speculation that Khin Yi's new appointment is part of a plan by the regime for Home Minister Maung Oo to resign his position in order to form a political party in advance of the 2010 elections. According to this source, current Deputy Home Minister Phone Swe would become Home Minister while Khin Yi would head up a newly-created Ministry of Public Security. However, our contact acknowledged that the regime has not as yet publicly commented on this or any other rumors concerning preparations for the 2010 elections.

Tay Za's Costly Wager

16. (C) DEA's police contact also reported that regime crony Tay Za owes indicted narcotics trafficker Hsiao Ho USD 10 million from numerous gambling wagers on English Premier League soccer matches. DEA believes Hsiao Ho is currently in Burma or China. In March 2007, Chinese authorities released him from a Hong Kong jail, where he was awaiting extradition to the United States. Hsiao Ho was indicted by the U.S. District Court for the Eastern District of New York in December 2004 on narcotics trafficking charges. DEA's police contact speculated that Tay Za may attempt to settle his debt

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by transferring assets or concessions from his companies to entities controlled by Hsiao Ho.
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